

Health PEI

Administration of the *Long-Term Care Subsidization Act*

Annual Report
2011/2012

Prepared by:

Home-Based and Long-Term Care Division
Health PEI



ONE ISLAND FUTURE

ONE ISLAND HEALTH SYSTEM

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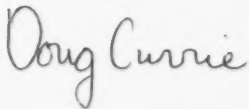
April 18, 2012

The Honourable Frank Lewis
Lieutenant Governor
Province of Prince Edward Island
PO Box 846
Charlottetown, PE C1A 7L9

May It Please Your Honour:

As Minister of Health and Wellness, it is my privilege to present the Annual Report of the administration of the *Long Term Care Subsidization Act* for the fiscal year ended March 31, 2012. As well as reporting on the administration of the Long Term Care Subsidization Program, this report satisfies the requirements under Section 15 of the *Long Term Care Subsidization Act*.

Respectfully submitted,

A handwritten signature in cursive script that reads "Doug Currie".

Doug Currie
Minister of Health and Wellness

April 18, 2012

The Honourable Doug Currie
Minister of Health and Wellness
Province of Prince Edward Island
105 Rochford Street, 4th Floor North
PO Box 2000
Charlottetown PE C1A 7N8

Honourable Minister:

It is my pleasure to submit the Annual Report on the administration of the *Long Term Care Subsidization Act* for the fiscal year ended March 31, 2012 on behalf of the Health PEI Board of Directors.

Health PEI is responsible for the operation and delivery of the vast majority of health services on Prince Edward Island, including services provided by the Home-Based and Long-Term Care Division. This Annual Report provides information on the Long Term Care Subsidization Program and the administration of the *Long Term Care Subsidization Act*.

Respectfully submitted,



Keith Dewar
CEO, Health PEI

Overview

The *Long Term Care Subsidization Act* and Regulations form the legal framework for the provision of accommodation subsidies within the Long Term Care Subsidization Program. Therefore, this annual report will include information on the Long Term Care Subsidization Program as well as the administration of this Act.

Long Term Care Subsidization Program

Long term care is provided in nursing homes and includes nursing care, accommodation (room and board) services, personal care and medical services.

Nursing homes include:

- a) publicly operated nursing homes/manors;
- b) licensed private nursing homes; and
- c) licensed nursing care beds in combined nursing/community care facilities.

Government enhanced its Long Term Care Subsidization Program with the enactment of the *Long Term Care Subsidization Act* on January 1, 2007. The enhancements included:

- i. Residents in approved nursing homes had their health care costs paid by government but would continue to be responsible for the "accommodation" portion of their cost;
- ii. Residents who do not have the financial ability to pay for their "accommodation costs" would have the opportunity to apply for assistance under the Long Term Care Subsidization Program; and
- iii. The application for subsidization would be based on an "income test" only to determine the resident's ability to pay, eliminating the need for a resident to use their assets in paying for nursing home accommodations.

As a result of these changes to the Long Term Care Subsidization Program, government pays for the health care costs in all nursing homes for all residents. Nursing home residents pay for their "accommodation (housing) costs" to the extent that they can afford, based on their net income as determined by the Canada Revenue Agency.

Mandate

The *Long Term Care Subsidization Act* is under the authority of the Minister of Health and Wellness and is administered by Health PEI.

The Long Term Care Subsidization Program provides:

- funding for the basic health care services for all residents in nursing homes; and
- financial assistance (subsidy) to persons who do not have sufficient income to pay their accommodation costs in a nursing home.

Residents who are determined, through a financial assessment process, as not having sufficient income to pay their accommodation costs are eligible for subsidization within the program. Health PEI pays the shortfall between the resident's actual income and the defined accommodation rate. An accommodation rate of \$74.95/day applied to subsidized residents of private nursing homes in the 2011/2012 fiscal year. Residents of nursing homes who have sufficient income to pay for their full accommodation costs are not required to go through the income assessment process.

Year in Review

On April 1, 2011, there were 773 residents in nursing homes subsidized under the *Long Term Care Subsidization Act*. During the 2011/2012 fiscal year, 234 new residents applied for subsidization. The Long Term Care Subsidization Program approved 228 applications and denied 6. All individuals denied a subsidy had incomes sufficient to pay their full cost of accommodations while a resident of a nursing home. Staff also conducted 311 annual financial reviews of residents already receiving a subsidy, while 212 subsidized residents passed away during the fiscal year. At year end, March 31, 2012, there was a total of 789 residents participating in the Long Term Care Subsidization Program.

The number of people waiting for long term care has increased from 115 to 149 during the year. To address the increase in demand, 18 new permanent nursing care beds were added to the private nursing home sector and 22 temporary nursing care beds were converted to permanently licensed beds. As of March 31, 2012, our 18 long term care facilities were operating a total of 1051 nursing care beds.

In fiscal year 2011/2012, no cases were brought before the Financial Assistance Appeal Panel, established under section 8 of the *Long Term Care Subsidization Act* to hear cases where an applicant wishes to appeal the amount of accommodation subsidy provided. The average client received a subsidy 31% of their accommodation costs and qualified for an average subsidy of \$23.27 per day. The total cost in subsidies paid out by the program for the fiscal year was \$6.7 million.

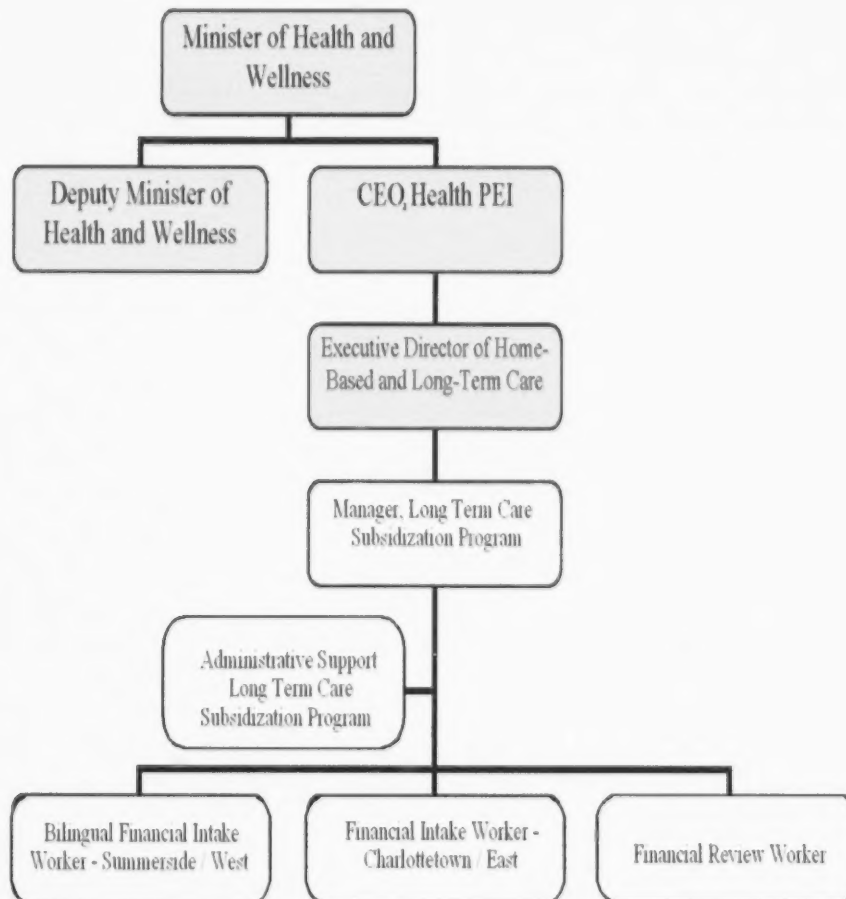
Staffing Summary

The Long Term Care Subsidization Program is administered by Health PEI under the direction of the Executive Director of Home-Based and Long-Term Care. The Manager of Long-Term Care Subsidization reports to the Executive Director and manages the operations.

There are four full time staff positions consisting of three financial assessors and one administrative support person.

Total staffing budget for 2011/2012 was \$230,000 and included salaries, benefits, travel and telephone costs.

Organizational Chart - Long Term Care Subsidization Program



Statistical Review

The Long Term Care Subsidization Program provides a subsidy to eligible nursing home residents when the resident's net income is insufficient to pay for the full accommodation costs subsequent to admission to a long term care facility. An individual's subsidy is equal to the approved accommodation charge less the person's net income. The average accommodation subsidy this year was \$707 per month per subsidized resident. Figure 1.0 is a breakdown of all funding sources nursing care residents utilized to pay for their accommodation costs. Under the Long Term Care Subsidization Program, 75.1% received an accommodation subsidy, 7.2% were partially or fully funded through Veterans Affairs Canada (VAC), 17.6% paid the full accommodation costs, and less than one percent utilized private insurance or other means to pay for their accommodations.

Figure 1.0 - Percentage of Participation in LTC Subsidization Program 2011/12

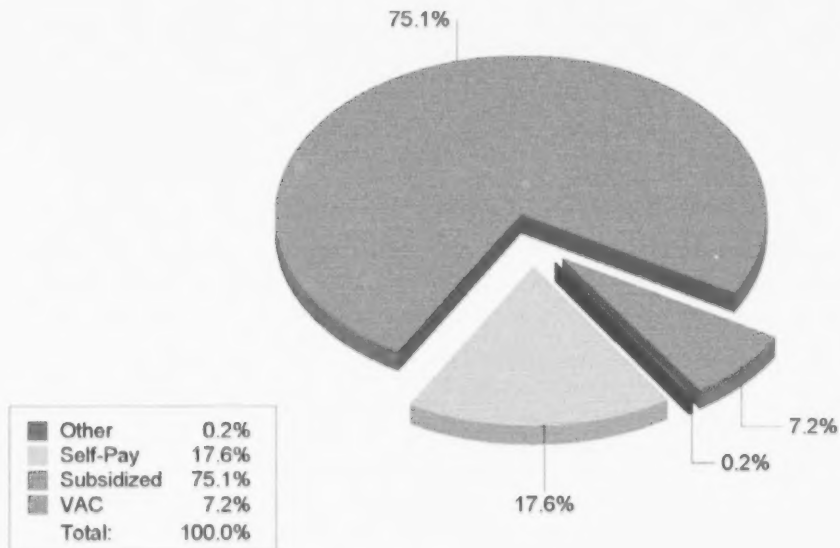


Figure 2.0 illustrates subsidization program participation by facility type (private or public nursing homes). Please note the higher percentage of subsidized residents living in public nursing homes. Health PEI conducted an informal review to determine if the difference in subsidization usage represented any underlying problems with the program. The review concluded the difference was due to a large number of self paying residents living in the private rooms available in the private nursing homes and did not reflect any problems with the access to the subsidy program for private nursing home residents.

Figure 2.0 - Comparison of Subsidization Program Usage between the Public and Private LTC Facilities - 2011/12

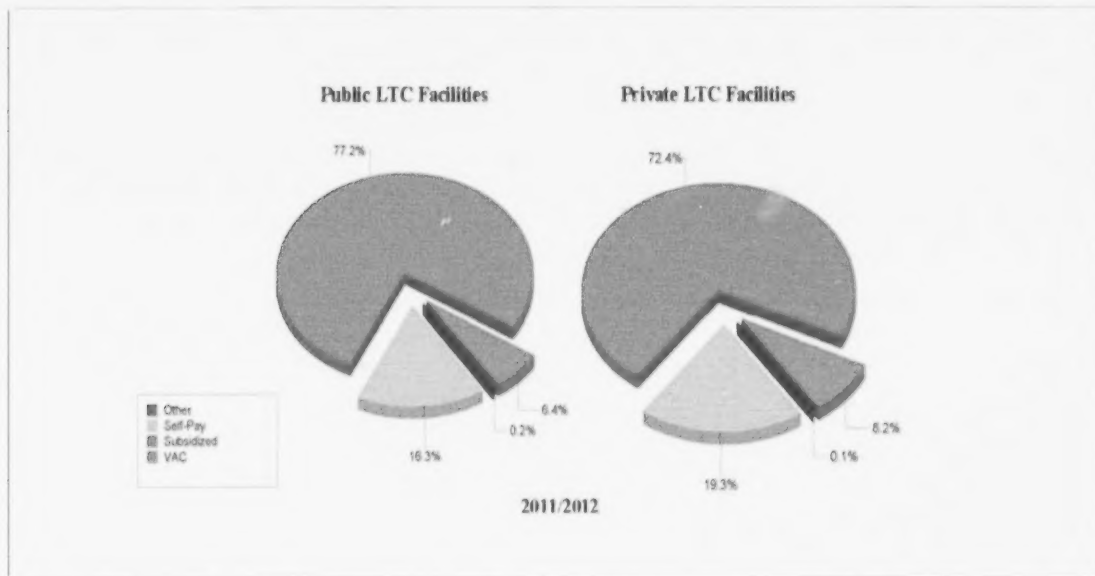


Figure 3.0 illustrates the Long Term Care Subsidization Program participation rates since the *Long Term Care Subsidization Act* came into effect on January 1, 2007. Accommodation costs have increased approximately 3% per year since 2007, however the subsidy program participation rate has not significantly increased.

Figure 3.0 - Number of Seniors Living in Long Term Care Participating in the LTC Subsidization Program

5 year Comparison of LTC Subsidy Participation

| Fiscal Year | % In LTC Subsidy Program | % Paying Full Cost of Accommodations | % Receiving Support from VAC |
|-------------|--------------------------|--------------------------------------|------------------------------|
| 2007/08 | 77.1 | 14.3 | 8.3 |
| 2008/09 | 77.9 | 13.4 | 8.4 |
| 2009/10 | 75.9 | 15.8 | 8.0 |
| 2010/11 | 76.0 | 15.7 | 7.3 |
| 2011/12 | 75.1 | 17.6 | 7.2 |

